

# EASTERN MARKET CORPORATION

## Future Opportunities at Eastern Market in Detroit

### **Small**

#### **Center for Food Entrepreneurship**

Please see our attached eight-part strategy to build a comprehensive venture development pipeline to bring to scale successful food businesses.

### **Medium**

#### **Detroit Food Accelerator**

A \$15 million project that combines an anchor tenant's state of the art food technologies with space to rapidly grow emerging food businesses in an abandoned 104,000 square foot Eastern Market District property.

#### **Kettering Food Production & Processing Center**

A DPS project, with help from EMC and MSU, that grows healthy food for Detroit Public School students while serving as an Eastside neighborhood work force development site.

### **Large**

#### **Detroit Food Wholesale & Logistics Center**

Need to meet Food Safety Modernization Act standards by two wholesale markets meets the opportunity to increase cross border logistics and packaging opportunities.

#### **Food Innovation District**

The City of Detroit hopes to establish four innovation districts around technology, biotech - health, advanced manufacturing, and ag-food. An ag-food innovation district adjacent to Eastern Market would provide tax-based incentives to attract larger footprint food processing and loosened land use regulations would permit a broader range of urban food production methods.

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## Detroit Regional Food Business Development Pipeline

Eastern Market Corporation (EMC), is collaborating with partners to create a comprehensive pipeline to stimulate food venture creation and expansion from pre development thru incubation and onto acceleration. We believe the food sector is unique among business cluster groups because it has the ability to create the widest range of jobs from low through highly skilled. Entry level jobs are especially of interest to helping address structural unemployment in Detroit.

### 1. Youth Entrepreneurial Development

EMC has helped birth and continues to work closely with two organizations dedicated to exposing Detroit youth to career opportunities in the food sector. Detroit Food Academy operates a 120 classroom-hour food entrepreneurship certificate program and a Summer Small Batch Entrepreneurship Camp in which youth entrepreneurs take a food product idea from conception to market. Meanwhile, Next Top Chef produces a cable television style cooking competition between teams comprised of local chefs paired with students from area high schools as a way to excite interest among the students in careers in the food sector.

### 2. Predevelopment

EMC works with FoodLab Detroit to provide a forum for those interested in become food business owners can learn about industry requirements, trends, barriers, and opportunities through classes and meetings where mentors range from industry experts to fellow wannabe entrepreneurs. EMC also hosts staff members from the Michigan State University Extension Service and Product Center that mentor food businesses.

### 3. Detroit Community Kitchen(s)

The Detroit Community Kitchen as Eastern Market opens in late 2013 and will provide a licensed kitchen that can be rented in 3-6 hour increments for small batch production. Also, in 2013 EMC and FoodLab Detroit have partnered on a pilot to make two existing kitchens available for short-term rental by food businesses. Detroit Kitchen Connect is a web-based shared-use kitchen management system will be developed to reduce costs for all kitchens participating the Detroit Community Kitchen Network.

### 4. Retail Sales Platforms

In building a portfolio of 80 food businesses that participate in its year-round Saturday and seasonal Tuesday Markets, EMC has developed an exemplary retail sales platform that exposes new food products to thousands on consumers and generates incremental income to allow new food businesses to establish a food hold. In its annual call for proposals, EMC received 120 applications to fill the roughly 80 spaces that are currently available. A Sunday Market will open in 2014 creating more sales slots for food ventures to fill.

### 5. Nurturing Throughout the Pipeline

The Growing Communities Mini Grant program sponsored by Charter One Bank and supported by MEDC helps small food processors (and producers) eliminate barriers to expanding their businesses by providing small grant funding from \$500 to \$8,000. EMC is also a local supporter of Goldman Sachs 10,000 Businesses program to provide training, access to capital, and technical support to food entrepreneurs.

**6. Wholesale Sales Platform**

EMC operates an on-line wholesale market in support of its on-site wholesale market that enables emerging growers, food processors, and local food buyers to participate in the EM Wholesale Market without having to show up between midnight and 6am.

**7. Detroit Regional Food Accelerator**

This grant proposal provides the funding of staffing for the Detroit Regional Food System Accelerator that is planned to open in 2014. EMC's 125<sup>th</sup> Anniversary Fund Drive includes capital costs associated with creating a 50,000 square foot facility that will include a 35,000 square foot facility that will feature five 6,000 square foot spaces and 5,000 square feet of shared storage to expedite growth of businesses that come through Eastern Market's early development pipeline.

**8. Site Location Assistance**

With more than 40 years of collective economic development experience Eastern Market staff provide site location assistance for firms that desire to develop their own facilities at any point in their growth. EMC partners with the Detroit Food & Ag Network to connect food business to state and regional economic development, workforce, and financing programs.

**9. Co-Packing and Third Party Processing Technical Center**

EMC and Garden Fresh Gourmet are working to create a technical center for those businesses that have successfully developed the direct sale of a product and are now seeking a co-packer to quickly expand production levels. This path to increased production can occur in tandem with, prior to, or after in house production has been expanded. Labeling, packaging, third party liability, and distribution issues must be resolved for seamless expansion to happen.

**Other Food Processing Infrastructure:****Forgotten Market Processing Center**

The Forgotten Market Food Processing Center is a joint venture between EMC and Forgotten Harvest an organization that rescues food that would not otherwise be utilized to help provide food stock for area soup kitchens and food pantries. The pilot version of this project opened in the spring of 2013 using underutilized space in Novi and Oak Park, a larger scale project is planned for the Eastern Market campus as part of the Food Accelerator project.

While most of its inventory currently is sourced from grocery stores - food is donated instead of being thrown away. Forgotten Harvest has nearly exhausted supply sources in this area and the pilot is using crops that are typically left in the field because of size or shape. Nutritionally sound food saved from being plowed under - intended to benefit consumers by increasing the supply of healthy food and growers by increasing yields from their fields.

**Eastern Market Model Green Grocer**

A financially sustainable corner store format that can be copied in other food deserts. After 5 years of operating food access programs in Detroit, EMC has identified 5 barriers that limit consumption of fresh/frozen fruits and vegetables (FFV). Proposed store format reduces these barriers and creates workforce development opportunities:

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Barriers to greater consumption of FFFV include: 1) Inconvenience of purchasing and preparing FFFV: 2) The tastes of FFFV are unfamiliar: 3) FFFV are more expensive: 4) Current programs seasonality limits ability to alter behavior: 5) High food costs of alternative food programs.

This project includes a significant workforce development component. EMC along with Goodwill Industries will provide retail management, food safety, entrepreneur, and food processing training to help local veterans find jobs. In the initial phase 12 jobs will be created.

Help needed to build out this job and venture pipeline:

## **Facilities and Infrastructure**

Capital to complete construction of the Eastern Market Community Kitchen, the Regional Food Accelerator, and the Model Green Grocer program is critical.

## **Program Support**

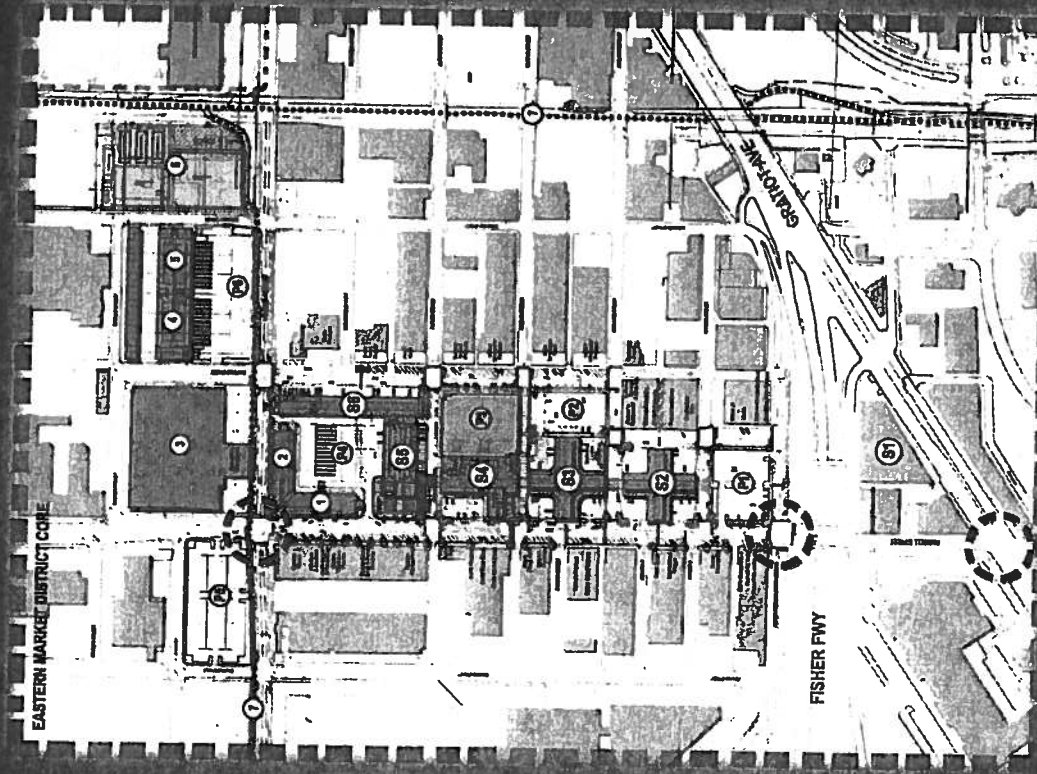
Deploying a city-wide community markets program is constrained by staffing. Increasing the rate of successful business incubation depends more upon providing technical support than low cost access to kitchen facilities.

## **Risk Sharing**

As businesses move from one scale to the next they are sometimes reluctant to take risk. For example, providing a rent subsidy for those interested in moving into larger production or hybrid production-retail space can give emerging businesses the confidence to move into more costly space by growing into a higher rental rate over a two-three year period.

## **Organizational Capacity**

EMC and partner organizations are all held back by capacity issues. Currently EMC is working with five different start ups as a fiduciary, EMC could use support to help provide technical support to these organizations as it could in improving its accounting and data management systems to strengthen its support of food entrepreneurs.



# Eastern Market 360°

## EMC Five Year Capital Plan (2013-2017) Eastern Market Complete / Underway

Shed 2 (S2 completed)	2,200,000
Shed 3 (S3 completed)	6,200,000
Shed 5 (S5 underway)	8,000,000
<u>Total Invested</u>	<u>16,400,000</u>

## Eastern Market Proposed

Healthy Market Hall (S1,P1)	2,000,000
Mixed Use Model Shed (S4)	12,000,000
Local Foods Accelerator (3)	11,000,000
Wholesale Terminal (4)	14,500,000
Parking Deck Upgrade (P3)	2,000,000
Alternative Energy Projects	3,500,000
<u>Total Proposed Investments</u>	<u>44,000,000</u>

## Eastern Market District

Street and Streetscapes	13,800,000
Bridge Repairs	11,050,000
Greenway Construction	11,200,000
<u>Total Eastern Market District</u>	<u>35,050,000</u>
<u>Total Market &amp; Market District</u>	<u>95,450,000</u>

Building the nation's most comprehensive food hub

